

GOVERNMENT PURCHASE CARD PROCEDURES

- 1. REASON FOR ISSUE:** This handbook prescribes procedures for use of the government purchase card for official purchases.
- 2. SUMMARY OF CONTENTS/MAJOR CHANGES:** The government purchase card shall be used by VA Administrations and staff offices in accordance with procedures in this handbook. The Administrations and staff offices are authorized to develop operational procedures to supplement this handbook.
- 3. RESPONSIBLE OFFICE:** Charge Card Oversight and Travel Policy Service (047E3), Office of the Deputy Assistant Secretary for Finance.
- 4. RELATED DIRECTIVE:** VA Directive 4080, Government Purchase Card Policy.
- 5. RESCISSIONS:** VA Handbook 4080, signed July 21, 2005.

CERTIFIED BY:

**BY DIRECTION OF THE SECRETARY
OF VETERANS AFFAIRS:**

/s/

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CONTENTS

PARAGRAPH	PAGE
1. PURPOSE	5
2. PROCEDURES	5
3. RESPONSIBILITIES	12
4. REFERENCES	20
 APPENDIX	
A. AUDIT GUIDE	A-1
B. LEVEL 1 LIMITED WARRANT	B-1

GOVERNMENT PURCHASE CARD PROCEDURES

1. PURPOSE. This handbook prescribes procedures for the use of the government purchase card within the Department of Veterans Affairs (VA), in accordance with the policy published in VA Directive 4080.

2. PROCEDURES

a. Scope.

(1) In the event a vendor will not accept the government purchase card, other disbursement methods, such as Automated Clearing House transfers, may be used to process the transaction. (For details, see VA Handbook 4070.2, Disbursement Mechanisms.)

(2) Other small purchase methods, such as convenience checks and Treasury checks that are non-electronic funds transfers (EFT), may only be used if waiver criteria of the Debt Collection Improvement Act (DCIA) (Public Law No. 104-134) are satisfied. Management of Federal Agency Disbursements: Final Rule (EFT rule), 31 Code of Federal Regulations, part 208, establishes the circumstances under which waivers to the DCIA are available. The Treasury Financial Manual, volume 1, part 4, chapter 4500, section 4515 – Policy and Use, states that other small purchase methods may only be used in lieu of the government purchase card when it is more cost-effective, practicable, or required by existing statutes. Convenience checks should be used as a payment method of last resort, only when no reasonable alternative merchant is available who accepts the charge card.

(3) After conversion of VA's payroll to Defense Finance and Accounting Service (DFAS), convenience checks will not be used for payroll purposes. Corrections to payroll funds or modifications to payroll amounts (including missing/undelivered checks) will be done through DFAS.

b. **Prompt Payment Compliance.** Timely payments are essential to avoid the imposition of an interest penalty on VA and to limit the financial burden borne by the purchase card contractor. In accordance with the Prompt Payment Regulation, 5 Code of Federal Regulations, part 1315, section 1315.8, VA shall determine the government purchase card payment dates based on an analysis of the total costs and benefits to the Federal Government as a whole, unless specified in a contract. When calculating costs and benefits, the agency is expected to include the cost to the government of paying early. Payment due dates may be calculated using the rebate formula provided in the regulation, unless the payment due date has been determined in the contract.

c. **Requirement for Timely and Accurate Reconciliation.**

(1) Cardholders shall reconcile the transactions by verifying the accuracy of payment amounts and vendor names with their records of orders and received items.

Any improper, incorrect, or fraudulent charges or duplicate payments must be reported to their approving official (AO), and shall be handled promptly to ensure proper recovery from the vendor. If the vendor is unresponsive, the payment shall be disputed promptly with the card contractor. The cardholder is ultimately responsible for ensuring that all purchase card payment transactions are proper and for taking immediate action on any improper transactions. The AO is responsible for reviewing and certifying that all of the cardholder's purchases are legitimate expenditures.

(2) Unless otherwise specified by Administration guidance, cardholders must complete the verification process no later than 10 working days from receipt of the monthly statement for subsequent AO review. Also, improper billing must be disputed within 30 working days of receipt of the monthly statement. The AO will forward all certified statements to the billing officer no later than 14 working days from the date they were received from the cardholder. Per the General Services Administration SmartPay 2 Master Contract, cardholders are responsible for reporting billing discrepancies to the bank within 90 calendar days from the date that the transaction was processed to initiate a dispute.

d. **Standards of Conduct.** The government purchase card shall only be used to purchase items authorized by VA, and those determined to be within the guidelines of the government purchase card program. Under no circumstances is the card to be used for personal purchases. Government employees hold a public trust, and their conduct must meet the highest ethical standards. An employee has a duty to protect and conserve government property and shall not use a government purchase card, or allow its use, for other than purposes authorized under this directive and handbook. (See Office of Government Ethics, Standards of Conduct for Executive Branch Employees, Use of Government Property, 5 C.F.R. section 2635.704.) The Standards of Conduct, which apply to government purchase card holders, further state that employees may not solicit or accept any gratuity, gift, favor, entertainment, loan, or anything of monetary value from any party doing business with or seeking to obtain business with VA (5 C.F.R. section 2635.202). There are several exceptions to the general gift prohibition; however, an employee should seek ethics advice prior to accepting a gift given because of his/her position, or from any party doing business with or seeking to obtain business with VA. Employees may seek ethics advice from their regional counsel or an ethics official at the Office of General Counsel (023).

e. **Unauthorized Use/Penalties.**

(1) When using the government purchase card, a cardholder must comply with VA's policies and procedures. Any violations of VA's approval requirements, spending limitations, internal controls, or prohibitions are considered misuse of the purchase card. Intentional use of the purchase card by a cardholder for other than official government business will result in immediate cancellation of the employee's purchase card by the program coordinator. Use of the purchase card by a cardholder for other than official government business may be considered an attempt to commit fraud against the U.S. Government. The employee will be personally liable to the government for the amount

of any unauthorized transaction, and may be subject to criminal prosecution. Also, misuse of the purchase card may result in disciplinary action against the employee under applicable current VA and government-wide administrative procedures, up to and including removal. (See VA Handbook 5021, Employee/Management Relations.)

The two examples on the following page (#'s 12 & 22) are offenses and penalties as listed in VA Handbook 5021, Part I, Appendix A, "Instructions For Use Of Table." The complete list of offenses and the range of penalties are identified in Part I, Appendix A, Paragraph 2, pgs. 1-A-3 – 1-A-10.

NATURE OF OFFENSE	1ST OFFENSE	2ND OFFENSE	3RD OFFENSE
	Minimum/ Maximum	Minimum/ Maximum	Minimum/ Maximum
12. Deliberate failure or unreasonable delay in carrying out instructions.	Admonishment/ Reprimand	3 days/ 10 days	10 days/ Removal
22. Actual or attempted theft of Government or of personal property on VA premises.	Reprimand/ Removal	10 days/ Removal	Removal

(2) The Debt Collection Improvement Act of 1996 allows VA to recover from the employee the full cost of unauthorized purchases plus interest and administrative debt collection fees. VA will take all actions necessary to collect the debt, including salary offset, if necessary, in accordance with applicable current VA and government-wide administrative procedures.

f. **Delegation of Authority.** The Chief Acquisition Officer (CAO) has delegated authority for management of the purchase card program to the Deputy Chief Financial Officer (DCFO). The DCFO or designee may delegate authority to individuals to issue cards for both micro-purchases and purchases above the micro-purchase level in accordance with the Department of Veterans Affairs Acquisition Regulation (VAAR), part 801, and VA Directive and Handbook 7401.6, "Limited Authority to Pay by Purchase Card."

For other than the "payment only" transactions defined in paragraph g, the DCFO or designee must ensure that any purchase card holders above the micro-purchase threshold have a Basic Warrant in accordance with IL-049-07-05 and all appropriate training.

g. **Payment Only Authority.** The DCFO or designee may delegate authority in writing for the assignment of "payment only" cards. In addition, effective immediately, new "payment only" cardholders must be issued a Level 1 "Limited" warrant by their cognizant Head of the Contracting Activity (HCA). A sample warrant is provided in Appendix B-1. With the delegation and warrant, cardholders may use purchase cards to pay for supplies or services above the micro-purchase threshold, up to the Simplified Acquisition Threshold. This authority is limited to contracts where funds have already

been obligated by an authorized contracting officer. Examples include, but are not limited to, station level contracts, national contracts, Blanket Purchase Agreements (BPAs) and GSA orders ONLY.

In any of the aforementioned basic or umbrella contracts, there must be a provision which stipulates that the purchase card may be used to pay for written or oral delivery orders issued under the contract. In addition, the contract must contain FAR Clause 52.232-36, "Payment by Third Party." Under a Payment Only arrangement, the cardholder cannot change any terms and conditions of the order or the basic contract (Refer to VHA Handbook 7401.6, Limited Authority to Pay By Purchase Card, and FAR 13.301(c) (2).

All "payment only" cardholders MUST complete VA Online Purchase Card Training located at: <https://www.lms.va.gov>.

h. **Training.**

(1) All A/OPCs, AOs and cardholders must take the *VA Online Purchase Card Training* (course # VA 5863). The course is located on VA's Learning Management System (LMS) at <https://www.lms.va.gov>, and must be assigned as mandatory training for all A/OPCs, cardholders and AOs by each station's LMS Coordinator. The A/OPC will certify that the AO, the cardholder and he/she have completed the VA Online Purchase Card Training. A/OPCs, AOs and cardholders will certify they fully understand the policies and regulations associated with purchase cards on the Government-wide Purchase Card Certification Form provided on the ChargeCard Oversight & Travel Policy Service intranet website at <https://vaww1.va.gov/ccotps/>.

(2) In addition, A/OPCs must take the General Services Administration (GSA) SmartPay Purchase Charge Card A/OPC On-Line Training at: <http://apps.fss.gsa.gov/webtraining/trainingdocs/aopctraining>. A/OPCs must maintain a copy of this training certificate.

(3) Refresher training of the *VA Online Purchase Card Training* (course # VA 5863) is required at least once every two years for cardholders, AOs, and A/OPCs. Completion of training can be validated through the presentation of a certificate, or through LMS reports and be readily available at the cardholder's, AO's, or A/OPC's office for review. Failure to complete the initial or refresher training will result in cancellation of the purchase card and possible administrative or disciplinary actions.

(4) Refresher training of the GSA SmartPay Purchase Charge Card A/OPC On-Line Training is required at least once every two years for A/OPCs. Completion of GSA training can be validated through the presentation of a certificate and be readily available at the A/OPC's office for review.

(5) Administrations, facilities, and staff offices may require additional supplemental training.

(6) Except for those conditions cited in paragraph g, prior to obtaining a government purchase card for transactions above the micro-purchase level, cardholders and AOs must complete all training prescribed for Level 1 warrant holders. For transactions below the micro-purchase threshold, VA's online purchase card training course is sufficient. Users must also complete the Government-wide Purchase Card Certification Form.

i. **Performance Standards.** Agency personnel responsible for critical duties such as reconciliation and certification of government purchase card charges will have applicable performance standards included in their official performance appraisal. This is not an all inclusive list. Facilities should develop standards based on local procedures. These officials are as follows:

(1) **Agency/Organization Program Coordinator.**

(a) Ensures himself/herself, cardholders and approving officials complete mandatory training.

(b) Takes appropriate action when misuse/abuse of purchase card occurs.

(c) Establishes cards within the limits of delegated purchase authority.

(d) Cancels cards for transferring or separating employees in a timely manner.

(2) **Approving Official.**

(a) Performs approval of reconciliation within the mandated timeframe and verifies that the same are correct.

(b) Ensures that reconciliation is completed prior to a cardholder taking leave or leaving the service.

(c) Verifies cardholder performs appropriate market research and documents the same to ensure compliance with socio-economic goals.

(3) **Cardholder.**

(a) Uses the government purchase card for all purchases where the card is accepted and amounts are within their authorized spending limits.

(b) Performs reconciliation within policy timeframes, including when leave is scheduled.

(c) Verifies that purchase card charges are reconciled with the correct purchase card. Explanation of any differences is required.

(d) Resolves all problems with incorrect or unknown purchase card charges with the vendor or are disputed with the bank.

(e) Performs appropriate market research and documents the same to ensure compliance with socio-economic goals.

(f) Assures purchase card approving official is provided with the necessary documentation needed to approve the reconciliation as submitted.

(4) Cardholder with Level 1 Warrant.

(a) Completes continuing education requirements to maintain a Level 1 Warrant in accordance with IL 049-07-05.

(b) Publicizes proposed contract actions expected to exceed \$25,000 in accordance with FAR Part 5.

j. **Exit Procedures for a Cardholder.** As part of the exit clearance process, the government purchase card shall be surrendered to the program coordinator, cancelled, and destroyed. The AO must certify that the cardholder has completed all order and payment reconciliations, or has provided sufficient documentation so that a replacement cardholder can complete the reconciliations.

k. **Internal Controls.**

(1) All VA responsible offices / officials shall establish procedures to implement management controls for card use. Management controls include conducting periodic reviews of the government purchase card program to ensure all participants follow VA policies and procedures. Results of internal reviews shall be documented, and corrective actions shall be monitored to ensure that they are effectively implemented. VA's Management Quality Assurance Service (MQAS) will systematically select sample purchases for auditing by facility/field stations on a monthly basis. At a minimum, the facility/field station must ensure that each year an audit and a review are performed on a statistically valid sample of cards in accordance with the audit guide (see Appendix A). The *Annual Review Checklist*, found in GSA's *Blueprint for Success: A Guide for Purchase Card Oversight*, is recommended to be completed during these annual reviews to ensure cardholder compliance with documentation. This document can be found at:

http://www.gsa.gov/gsa/cm_attachments/GSA_DOCUMENT/Blueprint10_04v2_R2FIM2_0Z5RDZ-i34K-pR.pdf.

(2) All VA responsible offices / officials shall ensure that adequate internal controls are established and followed. Such internal controls shall include at least the following:

(a) Proposed cardholders must be a full or part-time VA employee, and must meet locally established criteria to be eligible to obtain the purchase card. Contractor employees are not eligible to become cardholders;

(b) Established procedures are in place to limit each approving official's responsibility to no more than 10 cardholders to ensure that they can adequately monitor every cardholder's purchases, at a minimum, monthly. The cardholder-to-approving-official ratio may be adjusted upon written approval of the facility director/regional office director on a case-by-case basis. However, this ratio should never exceed 20 cardholders to 1 approving official. The justification for exceeding the 10-to-1 ratio must be fully documented;

(c) There must be a clear separation of duties to minimize the risk of fraud and/or loss of property. Assignment of duties such as authorizing, approving and recording transactions; receiving assets; approving cardholder statements; making payments; certification of funding; and reviewing or auditing should be assigned to separate individuals to the greatest extent possible. For clarification, one person cannot be the cardholder and approving official for the same transaction;

(d) Government purchase cards are secured, and card numbers are not available to anyone but the authorized cardholders;

(e) Billing statement reconciliations and certifications are performed within timeframes specified in policy;

(f) Supporting documentation is maintained, such as documents supporting a valid government need for the purchase and describing exactly what was purchased;

(g) Items purchased have been verified as received;

(h) Procedures are in place to ensure that purchases are periodically reconciled with property records to guard against theft or improper use of government property;

(i) Charges are verified as for official purposes;

(j) Purchases are reasonably priced; and

(k) An Agency/Organization Program Coordinator cannot be a cardholder or approving official.

I. **General Restrictions On Card Use.** The purchase card may not be used for:

(1) Long-term rental or lease of land or buildings of any type;

(2) Procurement of travel (airline, bus, boat or train tickets) or travel-related expenses (excluding local transportation services, e.g. Metro fare cards, subway tokens, toll passes, etc.);

(3) Procurement of personal goods of any kind;

(4) Items to be given away, presented as a gift, or be disposed of where the Government loses title, without legislative authority;

(5) Items where the payment method is through a third-party merchant (PayPal, eMoney, Eaccount, etc.), and

(6) The procurement of gift cards is prohibited except for “patient only” purchases from the General Post Fund which directly benefits the veteran. Gift cards are prohibited for the award of employees. (See 3 (c), cardholder responsibilities for additional guidance on gift card accountability).

j. **General Restrictions on Convenience Checks Use.** Policies, procedures and internal controls for purchase cards will also apply to convenience checks. Convenience checks may not be used for:

(1) Vendors who accept the purchase card;

(2) Vendor transactions already under another method of acquisition, e.g. purchase orders, contracts, etc.; (see FAR 32.1103 for permissible exceptions.)

(3) Employee reimbursements;

(4) Cash advances;

(5) Salary payments, cash awards, or any transaction processed through the payroll system;

(6) Travel related transportation tickets;

(7) Meals or lodging related to employee travel except as related to emergency incident response.

(8) Purchases above the micro-purchase limit.

3. RESPONSIBILITIES

a. **Approving Official (AO).** In most cases, the AO should not be a cardholder. However, where staffing levels necessitate, the AO may be a cardholder, but cannot be

the AO for his/her own card. No individual may be the AO for his/her supervisor. The AO is responsible for:

(1) Recommending individuals as cardholders and recommending single purchase and monthly purchase limits in conjunction with the program coordinator, the billing officer, the delegating authority, and the HCA activity; limits may not exceed the micro-purchase threshold unless proper warranting is obtained from the HCA, or payment only card delegation of authority has been granted (VA Directive/Handbook 7401.6);

(2) Monitoring use of the government purchase card by the cardholder to ensure purchases are within guidelines;

(3) Authorizing the use of government purchase card to purchase goods;

(4) Signing justification for purchase of food or beverages prior to purchase (including General Counsel's concurrence); the justification must identify the exception being used (GAO-04-261SP, Appropriations Law – vol. I, chapter 4, section C, part 5);

(5) Certifying all transactions made by cardholders and ensuring applicable documentation is maintained for 6 years and 3 months;

(6) Ensuring Federal, VA, and local acquisition regulations are followed;

(7) Certifying all procurements are legal and proper, and ensuring all items are received;

(8) Ensuring purchase card holders inform the accountable officer of all nonexpendable information technology (IT) equipment, including sensitive items regardless of cost, procured with purchase cards to ensure the items are entered into the appropriate inventory management system;

(9) Certifying reconciled payment charges within timeframes specified in Section 2c (Requirement for Timely and Accurate Reconciliation) of this Handbook;

(10) Monitoring cardholder compliance with single purchase and cycle card limits; (single purchase limit, FAR 13.003 Policy (c) (2) – Do not break down requirements aggregating more than the acquisition threshold into several purchases that are less than the applicable threshold merely to—(i) Permit use of simplified acquisition procedures; or (ii) Avoid any requirement that applies to purchases exceeding the micro-purchase threshold);

Example: A purchase card holder has multiple purchases from the same vendor on the same day where the total amount exceeds the micro-purchase threshold. This is only a split if the cardholder intentionally separated the purchase into multiple transactions to avoid the limit. Determination of a split is dependent on identifying the initial requirement. In this example, if the cardholder was ordering furniture for a

single office, this transaction would most likely be a split transaction because the requirement would be furnishing the office. If the request to purchase these furnishings came from different sources, or at different times or from the same source, but were for different locations, the transaction would not be a split transaction because there is no intent to circumvent the limit.

(11) Identifying and rectifying unauthorized commitments and ensuring policy and procedures established by VA Directive/Handbook 7401.7 for ratifying unauthorized commitments are followed;

(12) Certifying completion of cardholder exit procedures;

(13) Providing guidance to cardholders in response to issues raised by the cardholder related to use of the purchase card;

(14) Having final certifying authority on the legitimacy of any procured item; and

(15) Obtaining training on proper use of the purchase card.

b. **Billing Officer.** In most cases, the billing officer is normally part of finance/fiscal service. A billing officer cannot be a cardholder or an AO. The billing officer is responsible for:

(1) Ensuring that single purchase and monthly purchase limits are within budget limits;

(2) Establishing default code string and merchant codes for all government purchase cards and submitting them to the program coordinator;

(3) Ensuring rebates are credited to the correct appropriation;

(4) Collecting amounts from the cardholder for inappropriate procurements (if the goods cannot be returned for full credit) by using all applicable collection procedures, including salary offset; and

(5) Ensuring that purchase card transactions are charged to the appropriate fund, cost center, and budget object code based on applicable items purchased.

c. **Cardholder.** The cardholder is responsible for:

(1) Obtaining training on proper use of the purchase card;

(2) Being knowledgeable of limitations on spending;

(3) Complying with all acquisition regulations including:

(a) considering a purchase from mandatory government supply sources to see if they meet organizational needs and best pricing prior to using open market sources. The priorities for ordering services and purchasing supplies are: AbilityOne, Federal Supply and Service Schedules, Federal Prison Industries, and lastly, open market (see FAR part 8);

(b) using the mandatory sources such as AbilityOne where required (see FAR subpart 8.7);

(c) Alternating among small business vendors with the same products to allow equal participation;

(d) Requiring vendors to include a Material Safety Data Sheet if any hazardous materials are ordered (see FAR subpart 23.3);

(e) Using vendors in the required socioeconomic groups for purchases over \$3,000 (e.g., women-owned, veteran-owned, service-disabled veteran-owned, small disadvantaged businesses, HUBZone small businesses, or small businesses) (see FAR part 19);

(f) Purchasing Environmental Protection Agency-designated products containing recovered materials (see FAR subpart 23.4, www.epa.gov/cpg and <http://www.ofee.gov/>); and

(g) Making micro-purchases for electronic and information technology products in accordance with the Rehabilitation Act of 1973, section 508 (see 29 U.S.C. 794d, and VA Directive 6221, Accessible Electronic and Information Technology).

(4) Verifying funds availability prior to making purchases through the AO;

(5) Complying with single purchase and cycle card limits; (single purchase limit, FAR 13.003 Policy (c) (2) – Do not break down requirements aggregating more than the acquisition threshold into several purchases that are less than the applicable threshold merely to—(i) Permit use of simplified acquisition procedures; or (ii) Avoid any requirement that applies to purchases exceeding the micro-purchase threshold);

Example – A purchase card holder has multiple purchases from the same vendor on the same day where the total amount exceeds the micro-purchase threshold. This is only a split if the cardholder intentionally separated the purchase into multiple transactions to avoid the limit. Using the purchase of a training class to demonstrate the difference, a transaction would be considered split if a single class costing \$4,000 was broken into two payments of \$2,000. It would not be a split if the cardholder paid for employee training where multiple employees went to the same vendor for training and the individual charges, when totaled, exceeded the

single purchase limit. The cardholder is not splitting the requirement of paying to register the employee for the class.

(6) Providing the necessary documentation as prescribed in VA Directive/Handbook 7401.7 when an unauthorized commitment occurs;

(7) Reconciling payment charges within timeframes specified. See Section 2c, pg 3 - (Requirement for Timely and Accurate Reconciliation) of this Handbook;

(8) Ensuring receipt of goods ordered;

(9) Complying with Office of Information and Technology requirements when purchasing nonexpendable IT equipment;

(a) Purchase card holders will not purchase nonexpendable IT equipment with a government purchase card unless they are authorized Purchasing Agents and are authorized to make such procurements. Purchasing Agents will inform both the Accountable Officer and IT Custodial Officer of all nonexpendable IT equipment procured with purchase cards to ensure the equipment is added to the property records correctly upon receipt.

(b) Purchase card holders will inform the IT Custodial Officer of all expendable sensitive IT items (i.e., items capable of storing data electronically) procured with purchase cards to ensure the items are entered into the appropriate inventory management system.

(c) The Office of Inspector General's (OIG) information technology funding is included in its GOE Appropriation and therefore, is not subject to Office of Information and Technology requirements for purchasing IT equipment.

(10) Advising vendors to submit sales drafts only after an order is shipped;

(11) Providing applicable receipts to the AO to enable certification of payment;

(12) Safeguarding government purchase cards;

(13) Resolving disputes with vendors; if not resolved, filing an official dispute with the purchase card contractor;

(14) Addressing questions or issues concerning use of the purchase card to the approving official;

(15) Retaining purchase documentation for 6 years and 3 months, as stated in MP-4, part X, 5-1c;

(16) Inquiring about prompt payment discounts at time of purchase. Vendors often offer discounts for payment prior to their stated payment terms. Example: a 2 percent discount if invoice is paid within 15 days/full amount due in 30 days;

(17) Obtaining merchant-offered rebates/coupons or additional items offered as a result of purchase, such as a free printer with purchase of a computer, and returning it to VA. The cardholder should supply VA's address when needed to obtain these offers. The rebates/coupons should be returned to the agent cashier or appropriate VA representative;

(18) Complying with regulations and Comptroller General decisions associated with the purchase of food and or beverages. In general, an agency may not use appropriated funds to purchase items considered personal expenses, such as food, without specific authority (GAO-04-261SP, Appropriations Law – volume I, chapter 4, section C, part 5). The following actions must be taken to obtain authority for exception to this rule:

(a) obtain signed, written or electronic, authorization from approving official prior to purchase;

(b) Ensure authorization cites appropriate exception for food or beverage purchase; and

(c) Obtain concurrence from general or local counsel on the authorization.

(19) When procuring gift cards from the General Post Fund, develop and maintain a Standard Operating Procedure (SOP) for the accountability of all gift card purchases, distribution and end use for audit purposes. The procurement of gift cards without an approved organizational SOP and auditable accountability procedures is prohibited.

(20) Ensuring property management policies and procedures are adhered to. This includes notifying the agency property management activity of the receipt of goods in order to properly account for, classify (sensitive or accountable) if applicable, and track.

d. **Deputy Chief Financial Officer (DCFO)**. The DCFO has delegated authority from the Chief Acquisition Officer to manage the purchase card program. The DCFO is responsible for:

(1) Auditing cardholders and AOs for compliance with applicable policy and procedures, in conjunction with the program coordinator and finance/fiscal officer, in order to ensure procurement integrity (see Appendix A);

(2) Reviewing MQAS quarterly reports of purchase card transactions and reviewing all responses to the MQAS's monthly systematically selected sample of purchases transactions;

(3) Delegating micro-purchase authority to cardholders (see Government-wide Purchase Card Certification Form);

(4) Delegating authority to issue micro-purchase cards to other individuals within an activity. Such delegations must be in writing and must identify the specific limitations on the designee's authority;

(5) Delegating authority to issue cards beyond the micro-purchase level. Such delegations must be in writing and must identify the specific limitations on the designee's authority; and

(6) Processing ratifications, except those identified in section 3.g (2).

e. **Dispute Officer.** A dispute officer can also serve as a program coordinator, but cannot be a cardholder or an AO. The dispute officer is responsible for:

(1) Coordinating and monitoring disputed procurements, credits, and billing errors, which cannot be resolved within 30 working days of receipt of the statement; and

(2) Assisting or interceding when a dispute cannot be handled in the normal method using the government cardholder dispute form.

f. **Finance/Fiscal Officer.** The finance/fiscal officer is responsible for:

(1) Ensuring the MQAS's random monthly quality reviews are completed by the responsible designee (program coordinator), verifying the reviews are accurate, ensuring cardholders do not complete the reviews, and ensuring a remediation plan is in effect to correct any discrepancies as a result of the monthly reviews;

(2) Ensuring that rebates are credited to the correct appropriation;

(3) Providing training to cardholders on correct costing procedures, reconciliation procedures, and receipt records maintenance;

(4) Reporting noncompliance to the appropriate management level for review and corrective action; and

(5) Performing the joint review of cardholders and AOs to ensure compliance with applicable policy and procedures, in conjunction with the program coordinator and the HCA (see Appendix A).

g. **Head of the Contracting Activity (HCA).** The HCA is responsible for:

(1) Issuing Basic (Level 1 and Level 1 Limited) warrants for purchases above the micro-purchase threshold, but not exceeding the Simplified Acquisition Threshold; and

(2) Processing only those ratifications that fall outside of the scope of the DFCO or designee (see section 3.f (6)). Examples include situations where a vendor does not accept a purchase card or where transactions exceed the purchase card holder's purchase limit.

h. **Program Coordinator.** (Also referred to as Agency/Organization Program Coordinator or A/OPC). The program coordinator can also serve as a Dispute Officer, but cannot be a cardholder or an AO. The program coordinator is responsible for:

(1) Ensuring completion of mandatory training of cardholders, AOs, alternate AOs, and designated surrogates prior to issuance of purchase cards. The delegating authority shall certify completion by signing the Government-wide Purchase Card Certification Form as described in this handbook, section h, "Training."

(2) Ensuring refresher training is completed every two years for all AOs, cardholders, and themselves. The program coordinator can use LMS reports as an official record of training compliance;

(3) Retrieving and canceling all cards of any employee who either terminates employment or violates government purchase card procedures;

(4) Being the designated point of contact for agency receipt of all purchase cards after initial setup, and following up on non-receipt of cards after 5 working days;

(5) Coordinating the joint review of cardholders and AOs to ensure compliance with applicable policy and procedures, in conjunction with the finance/fiscal officer and HCA (see Appendix A);

(6) Distributing cards to cardholders with activation instructions as provided with the card;

(7) Performing daily maintenance online in the purchase card contractor proprietary system including setting up cardholder and AO accounts, updating personnel changes within the program, and deleting accounts;

(8) Ensuring limits are set at appropriate levels and that no card purchase limit may exceed the micro-purchase threshold unless proper warranting documentation is presented, or payment only card delegation of authority has been granted (VA Directive/Handbook 7401.6);

(9) Retrieving and canceling all cards of any employee who transfers to a position where they do not have purchasing responsibilities or their duties have changed in their current position and they no longer have purchasing responsibilities; and

(10) Ensuring proper receipt retention for 6 years and 3 months as stated in MP-4, part X, 5-1c, for current, reassigned, transferred, and separated cardholders.

(11) Performing annual assessment to determine the appropriateness of cardholder spending limits;

(12) Performing annual assessment of the need for a card account to remain open.

i. **Purchase Card Contractor.** The purchase card contractor is responsible for issuing government purchase cards, processing purchase transactions, providing the Financial Services Center (FSC) with daily electronic invoices for all posted transactions, and providing timely reports.

4. REFERENCES

- a. Appropriations Law—volume. I, chapter 4, section C, part 5 – Entertainment, Recreation, Morale and Welfare. <http://www.gao.gov/htext/d04261sp.html>
- b. Debt Collection Improvement Act – Public Law No. 104-134.
<http://www.fms.treas.gov/debt/dmdcia.pdf>
- c. Debt Collection Improvement Act of 1996.
<http://www.fms.treas.gov/debt/dmdcia.pdf>
- d. Federal Acquisition Regulation – Circular 97-27, FAR Case 1999-607.
- e. MP-4, part X, 5-1c.
<http://vaww.va.gov/publ/direc/finance/M4P10.htm>
- f. Office of Finance Bulletin 00GC1.02, Cash Management and Disbursement Requirements, dated January 7, 2000.
http://www.va.gov/publ/direc/finance/00gc1_02bul.htm
- g. Office of Government Ethics, Standards of Conduct for Executive Branch Employees, Use of Government Property, 5 C.F.R., section 2635.704.
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- h. Public Law 105-220 and 105-246; amendments to section 508 of the Rehabilitation Act (29 U.S.C. 794d).
- i. Treasury Financial Manual, volume 1, part 4, chapter 4500, section 4515.
<http://www.fms.treas.gov/tfm/vol1/v1p4c450.txt>
- j. VA Handbook 4070.2, Disbursement Mechanisms, dated April 21, 1997.
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- k. VA Acquisition Regulation, Title 48 – Federal Acquisition Regulation System, chapter 8, Department of Veterans Affairs Acquisition Regulation.
<http://vaww1.va.gov/oamm/oa/ars/policyreg/vaar/index.cfm>
- l. VA Directive 6221, Accessible Electronic and Information Technology, dated February 6, 2003.
<http://vaww.eas.vaco.va.gov/eav4.2/extDocs/ea/Reference%20Documents/VA%20Directive%206221%20-%20Accessible%20Technology.pdf>
- m. VA Handbook 5021, Employee/Management Relations, Part I, Appendix A, Paragraph 2, pgs. I-A-3- I-A-10.
<http://www1.va.gov/ohrm/Directives-Handbooks/Documents/5021.pdf>
- n. VA Directive/Handbook 7401.6. and 7401.7.
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http://www1.va.gov/vapubs/viewPublication.asp?Pub_ID=304&FType=2

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- o. 5 Code of Federal Regulations, part 1315, Prompt Payment, August 25, 2008
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[http://www.usoge.gov/\(S\(sdeduiz0aya0by3er1uoyleg\)\)/laws_regs/regulations/5cfr2635.aspx?AspxAutoDetectCookieSupport=1](http://www.usoge.gov/(S(sdeduiz0aya0by3er1uoyleg))/laws_regs/regulations/5cfr2635.aspx?AspxAutoDetectCookieSupport=1)
- q. 5 C.F.R., section 2635.202.
http://www.usoge.gov/international/reference/rfsoc_02.pdf#xml
- r. 48 Code of Federal Regulations, Federal Acquisition Regulation (FAR).
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AUDIT GUIDE**1. SAMPLING**

a. On a monthly basis, the Management Quality Assurance Service (MQAS) will systematically sample purchases from the Financial Services Center (FSC) Credit Card System (CCS). The sample size of purchases will provide sampling attributes of a 95 percent confidence level at a +/-2 percent reliability. The universe of transactions has been stratified into three groups. The first group is composed of transaction dollar amounts of \$0-\$2,349.99; the second group consists of transaction amounts of \$2,350 – \$2,999.99; and the third group consists of dollar amounts of \$3,000 and above. The sampling procedures are to be implemented after the end-of-month CCS processing cycle closes, and will contain the following detailed credit card information: (1) Document ID #; (2) Card #; (3) Fund; (4) Satellite Offices; (5) Purchase Date; (6) Vendor Name; (7) Amount, and (8) Results.

b. The MQAS will provide the sample information to the respective finance/fiscal office facility/field station or designee.

c. The MQAS will distribute the quarterly summary of the results of these monthly audits to the various levels of management, including but not limited to: Assistant Secretary for Management, Deputy Assistant Secretary for Finance, Deputy Assistant Secretary for Acquisition and Logistics, VHA Chief Logistics Officer, VHA Chief Financial Officer, NCA Chief Financial Officer, NCA Logistics Officer, and VBA Chief Financial Officer, and Director of Office of Construction and Facilities Management.

2. FACILITY/FIELD STATION PROCEDURES. Upon receipt of the sample information from the MQAS, the finance/fiscal officer or designee will confirm:

a. Proper Costing.

(1) Purchases were charged to the proper control point.

(2) Expenditure transfers are being done when appropriate.

(3) Fund control point, cost center, and budget object code are applicable to the item purchased.

(4) Necessary changes in Master Accounting Code are coordinated with program coordinator.

b. Proper Oversight.

- (1) Purchases were appropriate and were used for VA business purposes only.
- (2) Purchases were reasonably priced.
- (3) Appropriate follow-up on disputes, overcharges, and credits were completed.
- (4) No pattern of disputes with a vendor are identified.
- (5) Cardholders inquire about vendor discounts for prompt payment at time of purchase.

c. Timeliness Standards.

- (1) Reconciliation (matching) by cardholder was done timely according to the Administration guidelines, or no later than within 10 working days of receipt of the monthly statement.
- (2) Certification by the approving official was done timely according to the Administration guidelines, or no later than within 14 working days of receipt of the statement.
- (3) Improper billing was disputed no later than within 30 working days of receipt of the statement.

d. Documentation.

- (1) Adequate supporting documentation is maintained for each sampled purchase (packing slip receipt, cash register slip, etc.) in accordance with MP-4, part X, 5-1c.
- (2) Documentation to support valid government need for the purchase is available.
- (3) Evidence that the purchase has been received is confirmed.

e. Adherence to Dollar Limitations.

- (1) Sampled purchase is within cardholder dollar limits.
- (2) Purchase does not appear to have been split.
- (3) Credit limits, both monthly and single purchases, are representative of actual spend.

f. Safeguarding Government Purchase Card.

- (1) Purchase card should be kept in a locked cabinet at the workplace when not in use.
- (2) Only the cardholder has access and possession of the card.
- (3) Purchase cards are canceled for former employees (terminated, separated, or retired), and for those who violate government purchase card procedures.
- (4) Purchase cards are canceled for current employees who no longer have purchasing responsibilities.
- (5) The program coordinator and the head of the contracting activity will determine if the cardholder is:
 - (a) Considering a purchase from mandatory government supply sources prior to using open sources;
 - (b) Using the mandatory Javits-Wagner-O'Day Act (AbilityOne) (see FAR Subpart 8.7) and contract sources where required;
 - (c) Alternating among small business vendors with the same products to allow equal participation;
 - (d) Requiring vendors to include a Materiel Safety Data Sheet if any hazardous materials were ordered;
 - (e) Using vendors in the required socioeconomic groups for purchases over \$3,000 (e.g., women-owned, veteran-owned, service-disabled veteran-owned, small disadvantaged businesses, HUBZone small businesses, or small businesses);
 - (f) Purchasing Environmental Protection Agency-designated products containing recovered materials; and
 - (g) Making more purchases for electronic and information technology products in accordance with the Rehabilitation Act of 1973, section 508.

3. ERRORS. The finance/fiscal officer, or designee, is responsible for (a) ensuring that any purchasing or payment errors are corrected, and (b) completing the electronic questionnaire. A site review file consisting of the monthly sample listing, along with any pertinent comments made during the review process, will be maintained by finance/fiscal service personnel. The MQAS will conduct periodic reviews of the facility/field station credit card files.

4. ADEQUATE PROCUREMENT PROCEDURES FOR TRANSACTIONS GREATER THAN THE MICROPURCHASE LIMIT. To ensure that proper procurement rules and procedures are followed, AOPCs must review files to ensure that the following exists. The review may include additional areas for consideration:

- (1) Has a contract file been created for each transaction?
- (2) Is there a statement of work?
- (3) Is the obligating official properly warranted?
- (4) Have requirements that exceed \$25,000 been advertised in FedBizOpps?
- (5) Have competition requirements been met for requirements between \$3,000 and \$24,999 in accordance with FAR Part 5.101?
- (6) Does the file contain proper documentation to support sole source awards per FAR 6?
- (7) Is there a written price reasonableness determination?
- (8) Has written notification been provided to unsuccessful offeror(s) detailing the winning offeror and the awarded price?
- (9) Were unsuccessful offerors given an opportunity for a debriefing?

Certificate of Appointment

Under authority vested in the undersigned and in conformance with FAR, Subpart 1.6 of the Federal Acquisition Regulation

Jane Doe

is appointed

Contracting Officer

United States of America

Subject to the limitations contained in the Federal Acquisition Regulation and to the following:
LEVEL 1 LIMITED
(FOR PAYMENT ONLY)

Unless sooner terminated, this appointment is effective as long as the appointee is assigned to:

U.S. DEPARTMENT OF VETERANS AFFAIRS

(Agency/Department)

COGNIZANT HCA

(Signature and Title)

(Date)

(No)
Standard Form 427 (12-85)
Prescribed by GSA
FAR (48 CFR) 33.201

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